

# AUDIT/FISCAL COMMITTEE



Ronald C. Fletcher, Chair



Janet M. Carter



Victor G. Edinburgh



Amos Isaac



Thomas Ma



Carl P.E. Peterson, Jr.



## **AUDIT/FISCAL COMMITTEE**

The Audit/Fiscal Committee reviewed the following County departments and procedures:

- Auditor/Controller-Recorder
- Budget Process
- Comprehensive Annual Financial Report
- SB 90 Claims submitted by San Bernardino County
- County Budget - a study that produced no recommendations

The Audit/Fiscal Committee established no subcommittees to review and report on the functions and operations of the above. The Audit/Fiscal Committee was made up of five of the six committee chairpersons and two general members who had accounting experience. Their findings and recommendations appear in this report.

The committee was responsible for interviewing and selecting a firm to conduct audits approved by the full Grand Jury. Two firms were interviewed and the Harvey M. Rose Accountancy Corporation was selected.

The audit approval was delayed by three factors this year: the first factor involved the amount of time the committee studied the SB 90 claims, legality, and interviews with County employees involved in the process. SB 90 claims are for monies spent by the County on programs that are mandated by the State and reimbursable to the County. The second factor was the cost of the audit being greater than what was budgeted for the Grand Jury, and the steps needed to be taken to overcome this. The third factor involved the desire of some in the County to perform their own audit of SB 90 claims, which caused delays in getting the necessary approvals to do the audit.

The Grand Jury approved the audit request of SB 90 Claims by San Bernardino County, recommended by the Audit/Fiscal Committee to be done by the Harvey M. Rose Accountancy Corporation.

# **QUALITY CONTROL REVIEW OF THE FY 2000-2001 SB 90 CLAIMS**

**Prepared by the  
Harvey M. Rose Accountancy Corporation**

The Audit/Fiscal Committee, with input from other Grand Jury committees, spent the first five months researching ideas and departments to consider for the 2001-2002 Grand Jury Audit. Several audit firms were interviewed and the Harvey M. Rose Accountancy Corporation was chosen to perform the audit. From the requests submitted to the committee for audits, the request by the Audit/Fiscal Committee on SB 90 Claims was selected.

The audit approval was delayed by three factors this year. The first factor involved the amount of time the committee studied the SB 90 claims, the legality of and interviews with County employees involved in the process. The second factor was the cost of the audit being greater than what was budgeted for the Grand Jury to spend, and the steps needed to be taken to overcome this. The third factor involved the desire of some in the County to perform their own audit of SB 90 claims, which caused delays in getting the necessary approvals to do the audit.

The same department that was fundamental in the delay was the very department that not only cooperated fully, but also assisted in the gathering of data and scheduling of interviews. A letter from the Harvey Rose Corporation clarified several important points included in the findings and conclusions of the report. The report identified approximately \$621,000 of additional costs to be included in the FY 2000-2001 claim related to eleven claims that were previously submitted and seven claimable areas for which no claims had been submitted. Of this amount, the Sheriff has prepared, or is in the process of preparing, new claims amounting to more than \$382,000, or approximately six times the cost of the study.

The results of this study include both specific findings that would increase the amount of reimbursement on individual FY 2000-2001 claims, as well as procedural findings that would ensure ongoing levels of increased reimbursement in future fiscal years.

During FY 2001-2002 the Auditor/Controller-Recorder's office has undergone significant management turnover in the positions responsible for countywide coordination of SB 90 claims. The addition of written policy and guidelines will ensure that future requests are handled in the appropriate fashion, even if the people overseeing the SB 90 claims are new.

The one area that the Grand Jury would like the Auditor/Controller's department to re-evaluate is the calculation of the base rate used. The department has stated that they feel it would not be cost effective to figure break time into the base rate. This calculation has been shown to be easily obtained from the Memorandums of Understanding (MOU's) the County has with the various groups of employees. San Bernardino is ignoring approximately \$100,000 in additional claims money. For example, Santa Clara County has been using this method for two years and the state has not denied their claims with this calculation.

The full audit report, with the Auditor/Controller-Recorder's responses, follows this page. A summary of recommendations precedes the full audit report.

## **SUMMARY OF RECOMMENDATIONS**

It is recommended that the Auditor/Controller:

- 02-09 Enhance and disseminate written procedures regarding the SB 90 claiming process for the Auditor/Controller's Office including claims tracking, completion of forms, and documentation requirements. This is particularly important because there has been a significant amount of turnover in the positions that handle SB 90 claiming. Comprehensive procedures would assist new staff without prior SB 90 claiming experience and would provide a more consistent approach to the claiming process.
  - 02-10 Develop written SB 90 guidelines for County departments describing the SB 90 claiming process, specific departmental responsibilities, data collection and reporting requirements and procedures, documentation standards, and other pertinent requirements of the County's SB 90 claiming process.
  - 02-11 Provide annual training for County departmental staff involved in SB 90 services, including data collection, reporting and reimbursement claiming and conduct field visits to departments to review departmental data collection systems and procedures and provide assistance as appropriate.
- Assist departments in the design, development and implementation of data collection systems to support the SB 90 claiming process.

Distribute State instructions and program descriptions to appropriate departmental personnel to obtain departmental input. This process would improve the identification of all applicable County departments and related costs consistent with the claim instructions.

Require all departments choosing not to submit a claim for reimbursement of program costs to provide a written explanation of why such costs were not incurred or should not be claimed.

- 02-12      Revise the existing countywide productive hours analysis by utilizing hours recorded by the County's time capture segment of the payroll system. Pursuant to page 6 of the State Controller's September 2001 SB 90 claiming instructions, the only exception is for vacation hours that should be on "earned" rather than "used" time. In addition, rest periods or break-time provided by union contract should be included in the analysis as illustrated on page 6 of the State SB 90 instructions. Administrative time included as non-productive hours is allowable to the extent that such time is documented and can be verified by independent audit of payroll or other records.
- 02-13      Develop Indirect Cost Rate Proposals (ICRPs) for all departments for which SB 90 claims are submitted and which currently do not have ICRPs if the cost of preparing the ICRP does not exceed the benefit.
- Revise and update the existing departmental indirect cost rate proposals to ensure that staffing and services and supplies costs that are direct charged in claims and grants are not also included as indirect costs in departmental ICRP's. Annually or biannually, require County departments to analyze and submit schedules distributing all departmental staff and services and supplies costs by program or function in accordance with Federal Office of Management and Budget (OMB) Circular A-87 guidelines.
- 02-14      Limit hours claimed per individual to the total annual number of productive hours calculated for each fiscal year except for employees who receive cash overtime compensation. Limit the number of daily chargeable hours to 7.5 hours to account for the one-half hour of break-time included in the analysis of productive hours.
- 02-15      Review and assess specific claims identified in this report and submit amended claims to obtain full reimbursement of previously unclaimed costs or to correct amounts over claimed in error. Amended claims for additional reimbursement should only be claimed when the revised claim would result in a net reimbursement to the County sufficiently in excess of the original claim and the applicable late claim penalty.

- 02-16        Develop an SB 90 processing calendar to ensure adequate time for the collecting and reporting of program data to the Auditor/Controller, the preparation of a draft claim, departmental review of draft claims, and the final submission of claims by the annual January 15 due date. Copies of all final claims should also be provided to the departments claiming reimbursement.
- 02-17        Use a uniform timesheet for recording Auditor/Controller SB 90 time that includes all program codes. This will improve the recording and tracking of time spent on all SB 90 related activities.

It is recommended that the Auditor/Controller's Office and the office of the County Counsel:

- 02-18        Review the current procedures under which County Counsel provides support of SB 90 claims and bills for such support in order to determine the most effective strategy to maximize the County's SB 90 revenues. Include County Counsel-related costs in the SB 90 claim each year.

It is recommended that all County departments that provide SB 90 reimbursable services:

- 02-19        Develop written procedures related to SB 90 data collection, reporting and documentation requirements to ensure that all reimbursable costs are fully and accurately identified, reported and claimed. Departments should also retain complete work papers and supporting time records and other documentation for each claim submitted in the event of an audit or future reference needs.

June 14, 2002

Mr. Herbert M. Pollock, Foreman

and Members of the FY 2001-02 Grand Jury

351 North Arrowhead Avenue, Courthouse, Room 200

San Bernardino, CA 92415-0243

Dear Foreman Pollock and Members of the Grand Jury:

The Harvey M. Rose Accountancy Corporation is pleased to present this quality control review of the FY 2000-01 SB 90 reimbursement claims submitted to the State of California by the County of San Bernardino. A total of 20 claims amounting to \$4,363,904 were reviewed. Based on our review, we believe that 11 of these claims should be amended and seven other claims not previously made should be prepared and submitted. The total amount of the recalculated and new claims we estimate to amount to approximately \$5.0 million, or an increase of \$621,000.

In addition to the specific recommendations related to the amendment of previously submitted claims and the submission of new claims, a total of nine recommendations were made regarding the policies, procedures and responsibilities of Auditor/Controller-Recorder's SB 90 Unit. Two additional recommendations were directed at the County departments that prepare and submit SB 90 claims and at the Office of the County Counsel that provides legal support of the SB 90 process to many County departments. The Auditor/Controller-Recorder's Office fully or partially

concur with eight of the 11 recommendations and is beginning the implementation process.

It should be noted that the Auditor/Controller-Recorder's Office has experienced significant turnover of management level staffing that has contributed to the problem areas identified in this report. The current management, which was put in place in January 2002, has also identified many of the same areas in need of improvement.

Lastly, we want to acknowledge the excellent cooperation of the Auditor/Controller-Recorder's staff and that of the departments involved in the SB 90 process.

We would also like to thank the Audit Committee for this opportunity to serve the FY 2001-02 Grand Jury. Our staff is available to present this report to the full Grand Jury, to respond to any questions the Grand Jury may have, and to assist the Grand Jury with its presentation to the Board of Supervisors, at your request.

Respectfully submitted,

Roger Mialocq

Vice President



**Quality Control Review  
of the  
FY 2000-01 SB 90 Claims  
Submitted by  
The County of San Bernardino**

**Prepared by the:  
Harvey M. Rose Accountancy Corporation  
1390 Market Street  
Suite 1025  
San Francisco, CA  
(415) 552-9292**

**June 10, 2002**

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## **Introduction**

Section 17561 of the California Government Code provides for reimbursement to the County by the State for State-mandated program costs. This reimbursement is generally received by the County based on claims it files with the State, calculating the specific costs attributable to a specific State-mandated program. The mandate-reimbursement program is known colloquially as the SB 90 program, after the legislation establishing it.

We have completed our analysis of the County's SB 90 claims submitted for FY 2000-01. A total of 20 claims amounting to \$4,363,904 were reviewed. In addition, we reviewed several claimable areas approved by the State for SB 90 reimbursement for which no claim was submitted by San Bernardino County. Based on our review, we believe that at least 11 of these claims should be amended and approximately seven other claims not previously made should be prepared and submitted. We estimate the net amount of the recalculated claims and claims not previously submitted to amount to approximately \$5.0 million or an increase of about \$621,000.

In some cases, claims were not filed because there were no claimable costs. In other instances, we have identified costs that may be claimable for selected programs. Our discussion of these specific programs includes, where possible based on program information obtained, an estimate of the potential claim amount.

## **Background**

In the entrance conference with the Office of the Auditor/Controller-Recorder, it was disclosed that there has been a significant turnover of management level staffing that has contributed to recognized problem areas. The current management, which was put in place in January 2002, has already identified the following areas in need of improvements:

- a) The need for written departmental procedures
- b) The need to provide more training to departments on the SB 90 processes
- c) The need to improve communications and assistance to the departments to increase the accuracy of the SB 90 claims
- d) The need to distribute the claiming instructions and to start the data collection earlier

- e) The need to compare the County's claims for all SB 90 programs to the claims filed by comparable counties.

With the required implementation of GASB 34 beginning July 1, 2001, a high priority for the new management team was to distribute SB 90 funds to the departments that had accumulated in a trust fund for the past five years. Distributions to the departments were made in May 2002, in addition to the development of new distribution procedures. The management team will now have the time to review and implement corrective measures in the identified problem areas.

## **Methodology**

This review began with an initial meeting with the Office of the Auditor-Controller on May 9, 2002. The initial meeting was used to explain the purpose of the review and to get a general description of the SB 90 claiming process.

Fieldwork for the Quality Control Review was conducted in May of 2002. Fieldwork methods included reviewing the State Controller's general claiming instructions and the specific claiming instructions for each program where claims could be made, reviewing claim forms and other supporting documentation prepared by departments. Additionally, Auditor-Controller SB 90 staff and departmental fiscal and program staff involved in the compilation of claim data and the preparation of claim documents were interviewed during the course of the review.

The May revise of the State budget includes the withholding of SB 90 payments to counties by the State and the elimination of funds currently budgeted to reimburse counties for existing and amended claims. While this proposal may result in a delay of the reimbursements, claims should continue to be submitted based on the assumption that the State must fulfill its obligation to reimburse counties for these costs at a future date, including interest that is accrued in the interim period.

## **Findings:**

### **General County-wide Findings:**

The following findings relate to all San Bernardino County SB 90 claims and the Auditor-Controller's Office.

## **Productive Hours**

Most SB 90 claims rely on the use of a productive hourly pay rate to determine the salary costs of employees performing State-mandated functions. The productive hourly rate for an employee is determined by the following equation:

Employee's annual salary/employee productive hours worked = Productive pay rate.

The productive hourly rate fully reimburses the County for all costs it incurs for the time spent by County employees in complying with State mandates. This includes the County's costs to provide employees with paid vacations, sick leave, holidays and other paid time that is not spent in productive work. Consequently, although employees are actually paid based on a standard work year of 2,080 hours, the actual productive hours worked are less, because of the paid time off they receive. For example, an employee earning \$50,000 a year would receive an actual pay rate of  $\$50,000/2080 \text{ hours} = \$24.04$  per hour. However, assuming that vacation, sick leave and other time off reduced the employee's productive hours to 1,800 per year, the employee's productive hourly rate for SB 90 claiming purposes would be  $\$50,000/1,800 = \$27.78$  per hour.

State claiming instructions permit the County to calculate an employee's productive hours in one of three ways:

- Based on a flat estimate of 1,800 productive hours, without further documentation.
- Based on a documented analysis of the productive hours worked by each job title included in the claim.
- Based on the County-wide average number of productive hours worked annually per employee.

San Bernardino County calculates productive hours by using the County-wide average. This method is preferable because it results in a consistent computation, increases the accuracy, and simplifies the mandate reimbursement process. To calculate the County-wide average of productive hours worked annually by employee, the Auditor-Controller uses payroll system data as well as estimates of non-productive time. In order to increase the accuracy, consistency and ease of calculation, the Auditor-Controller should utilize actual hours of non-productive time as recorded by the County's time capture segment of the payroll system rather than estimates. Discussions with staff of the Auditor-Controller's Information Systems Division indicate that the system programming requirements for this recommendation are feasible and are on the work plan of the division for fiscal year 2002-03.

In its calculation of productive hours, the Auditor-Controller currently uses an estimate of administrative and meeting time by applying a “reasonable and conservative” percentage to productive hours. Administrative time is allowable to the extent that such time is documented and can be verified. We recommend that a mechanism be established so that administrative and meeting time are captured in the County’s payroll time capture system or other tracking system.

In calculating the County-wide average of productive hours, the Auditor-Controller has not included rest periods or break time in its calculation. The Auditor-Controller claims that this time has not been deducted from productive hours because this time is not tracked in the County’s time capture system. Federal regulations require break time to be compensated, and this time may already be reimbursed through direct claiming. The State Controller’s Office *Mandated Cost Manual for Local Agencies* revised in September 2001 includes “informal time off” in the calculation of productive hours. It is recommended that the Auditor-Controller include rest periods and break time as determined from the Memorandum of Understanding (MOU) agreements that employee unions have with the County. There is no requirement that this time must be recorded in the County’s time capture system and this time can be estimated using the MOUs and payroll system data for the number of employees covered by the agreements. The Federal regulation applies strictly to compensation and labor laws and is not applicable to the calculation of productive hours for cost allocation purposes. Finally, employees should not be reporting break time as time worked directly on reimbursable programs. For employees that work significant time on reimbursable programs, chargeable hours should be limited to 7.5 hours a day to account for this time.

Currently, the County’s claims are prepared using an average of 1,655 productive hours per employee to calculate productive hourly costs. As a result of not accounting for this non-productive time, the County’s claims were understated by approximately 6.6 percent when compared to the 1,552 revised average number of productive hours per employee. Including break time would reduce productive time and would result in a higher productive hourly pay rate for all employees claimed, as illustrated by the example above.

At the exit conference, the Auditor-Controller asserted that this proposal would create an administrative burden by requiring the tracking of breaktime used daily by each employee. However, we believe that this additional tracking does not need to be performed due to the fact that it is a contractually required daily allowance for all employees. Although the Auditor-Controller pointed out exceptions, such as employees who work compressed work schedules and do not get two 15-minute breaks daily, of the 14,000 County employees, the number of employees in this group would be nominal in comparison to the employees who are entitled to the standard 15-minute breaks.

Further, over the course of a fiscal year, employees who work a compressed work schedule, such as a 4-10 plan, would receive more unproductive breaktime than employees who work a standard 8-5 plan 40 hour work week.

Therefore, we believe that the Auditor-Controller should reconsider incorporating breaktime into the annual productive hour analysis. Based on our review of the SB 90 claims that were submitted, we estimate that at least 50 percent of the hours claimed related to sporadic direct hours worked that would not require any adjustment to reduce the claim for break time.

The Auditor-Controller should recalculate the average productive hours and productive hourly rates. A revised claim should be submitted for any claim that would yield additional reimbursement sufficiently in excess of the original claim and the applicable late claim penalty. On a County-wide basis, it is estimated that the omission of rest periods understated fiscal year 2000-01 claims by approximately \$97,500.

## Indirect Cost Rate Proposals

In addition to the direct charges reimbursable under SB 90, each claim permits the use of a 10 percent indirect cost rate, or the use of a special indirect cost rate calculated for each claiming entity. This indirect cost rate must be applied to direct salary costs, and to direct benefit costs if the Indirect Cost Rate Proposal (ICRP) used in the claim is based on both salaries and benefits.

Indirect costs are described in the *State Auditor-Controller's Mandated Cost Manual for Counties*:

Indirect costs (or overhead) are those costs incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular program without efforts disproportionate to the result achieved. Indirect costs may include both (1) the overhead costs for the unit performing the mandate and (2) the costs of central government services distributed through the central service cost allocation plan and not otherwise treated as a direct cost.

The SB 90 instructions state that counties can chose to apply an indirect rate of 10 percent to salary costs without providing any documentation to support this indirect rate, or counties may prepare an ICRP for each department included in the claims submitted for reimbursement. The preparation of an ICRP is complicated and relies on knowledge not only of the specific program, but also of the County's cost allocation methods and other County-wide cost-related issues.



The central preparation of ICRP's by the Auditor-Controller's Office for each department submitting a claim ensures that a consistent method is used. However, the Auditor-Controller relies upon information submitted by the departments and does not perform a quality control check on the data submitted. We noted several instances where direct costs were claimed, but also listed as an indirect cost in the calculation of the indirect cost rate, effectively double billing for the cost. Additionally, we noted that the split between direct and indirect costs did not always appear reasonable. For example, one department, which had carried over its proportional allocation between direct and indirect costs since 1996-97, had a job classification for an Embalmer listed as a position providing administrative or overhead support, despite the fact that this employee worked 100 percent on the autopsy process. The Auditor-Controller should require departments to submit annual or bi-annual schedules distributing all departmental staff and services and supplies by program or function in accordance with federal Office of Management and Budget (OMB) Circular A-87 guidelines. The Auditor-Controller should review the data and information submitted by departments for reasonableness and should confirm whether costs have been appropriately categorized given direct costs claimed for reimbursement within individual SB 90 claims and other separately funded grant programs.

Additionally, there were several claims that utilized the standard 10 percent indirect cost rate because an ICRP had not been developed. ICRPs typically yield much higher indirect cost rates which can substantially increase reimbursable costs. By developing ICRPs, the County can identify all indirect costs and obtain full reimbursement. Accordingly, the Auditor-Controller should develop an indirect cost rate for those departments that submit SB 90 claims for reimbursement but do not have an ICRP, if the cost of preparing the ICRP does not exceed the benefit.

Finally, we noted that the County has been aggressive in preparing ICRPs which has resulted in extremely high indirect cost rates. One department had a rate as high as 186 percent. Even the District Attorney's Office, which is a very program-intensive function, allocated nearly one-half of its costs as indirect resulting in an 82.67 percent indirect cost rate. The Auditor-Controller claims that the ICRPs are prepared in accordance with OMB A-87. While OMB A-87 provides guidance in the preparation of ICRPs, its instruction is open to much interpretation. While interpreting the technical guidance provided by OMB A-87, it appears the County departments do not have a full understanding of the intent of the circular, which is to spread administrative and overhead costs in a fair, thorough and unbiased way to all organizational programs and functions. Many of the items identified in our review appeared to be direct, programmatic expenditures that, when applied as an indirect cost, disproportionately spread the cost to other unrelated programs or cost objectives. It is recommended that the Auditor-Controller review its approach to OMB A-87 and work with Departments

to identify large direct, programmatic costs and classify them as direct in the preparation of ICRPs. Such costs should be identified in the Auditor-Controller's quality control review of the data and information submitted by the departments for the preparation of the departmental ICRPs.

### **Documenting Decisions Not To Submit SB 90 Claims**

Some SB 90 claim chapters do not merit submission for reimbursement by the County, because the function is fully reimbursed from other sources, no costs related to the mandate are incurred by the County or because the cost of the mandate is less than the cost to produce the claim document. In such instances, it is important that the rationale for a claim not being submitted is documented and maintained, both within the related department and in the Office of the Auditor-Controller. Such documentation will provide new staff in the departments and in the Auditor-Controller's Office with the information necessary to understand why each claim has not been submitted and to check the rationale against any changes in funding sources or State law that may occur.

## **San Bernardino County SB 90 Procedures Manuals**

### ***Auditor-Controller Procedures Manual***

Much of the SB 90 claiming process is centralized in the Auditor-Controller's Office. Because many of the procedures are highly complex, such as ICRP calculations, and involve a high degree of coordination with other departments, a written policies and procedures manual is necessary to provide thorough guidance and direction to Auditor-Controller staff. A written document ensures a smooth transition when there is staff turnover, increases the efficiency due to clear direction, and assists in the preparation of accurate, complete, and timely claims. The Auditor-Controller does have written procedures that provide a brief outline of the claim preparation process and detail of the payment process. Additionally, procedures have been written for ICRPs and the annual productive hours calculation. Additional policies and procedures should be developed for the following areas:

- Preparation of productive hourly rates
- Data collection process and coordination efforts with the department
- Claim compilation procedures
- Quality control procedures

- A processing calendar to ensure the timely submission of claims
- Procedures for assessing new claim areas to ensure identification of all reimbursable costs.

All written policies and procedures should be amassed in one manual and should be disseminated to all Auditor-Controller staff who provide support to the SB 90 process.

### *Departmental Procedures Manuals*

In order for the Auditor-Controller's Office to monitor the accuracy of claims being submitted, fully recover County costs and include sufficient supporting documentation, it is recommended that an additional procedures manual be developed outlining the specific steps to be taken by departmental staff in preparing SB 90 claim data and information. This manual should be prepared and disseminated by the Auditor-Controller's Office, and should provide the context for a series of training sessions by the Auditor-Controller for designated department personnel.

The manual would describe the responsibilities of the department staff and the staff of the Auditor-Controller's Office and would promote increased collaboration and communication between the two entities. The manual should address the SB 90 claiming process, data collection and reporting requirements and procedures, documentation standards, and other pertinent requirements of the County's SB 90 claiming process. The manual would be helpful to departments in explaining how to deal with unique circumstances such as new claims or claim denials by the State.

In addition to the procedures manual provided by the Auditor-Controller's Office, individual departments should develop their own internal procedures to incorporate in to the SB 90 procedures manual. We noted during our review that departments typically did not have written internal guidance for the preparation of SB 90 claims and that the claiming process was further exacerbated by significant turnover in the staff responsible for this function. Accordingly, current staff were often not prepared to answer questions during our review. Internal written procedures would facilitate a smooth transition when turnover occurs and would ensure consistent, accurate, and complete claims are filed.

## **Data Collection and Supporting Documentation**

Numerous deficiencies were identified in supporting processes and documentation related to claim preparation. Specifically, we noted there were few systems in place to assist departments in tracking program data, including direct employee time worked on mandated programs. Data collection is an integral part of capturing costs and preparing claims for reimbursement. When necessary data is not systematically collected, claims are compiled using general and inexact estimates that can result in inaccurate and/or unsupported claims. Without documentation, the County cannot be assured that all reimbursable costs are captured. Additionally, the lack of complete documentation, which was noted in several instances, can result in actual costs being disallowed by the State.

Departments should establish systems whereby the necessary data, including time records, are methodically collected and compiled for SB 90 claiming purposes. The Auditor-Controller should be responsible for ensuring that these systems, as established and utilized, meet the standards required by the State Controller's Office. Additionally, the Auditor-Controller's Office should be responsible for ensuring that departments submit and maintain sufficient documentation to support the costs being claimed and the information being reported. Adequate documentation not only reduces the risk of costs being uncaptured or disallowed, it also provides historical information and guidance for claim preparation in subsequent years. In order to accomplish this oversight function, the Auditor-Controller's staff need to conduct field visits to departments to review these systems and provide assistance as appropriate.

## **County Counsel Support of the SB 90 Claim Process**

Interpreting the language and instructions of the SB 90 claims often requires review of various State statutes and analysis of the specific language in the claim instructions. Because the total amount claimed under SB 90 is substantial, it is recommended that the Office of the County Counsel review the process by which its SB 90 staff time is recorded, including the time related to individual departmental claims and the mandate reimbursement and test claiming processes. Based on our review of Departmental claims, several instances were identified where County Counsel costs had been incurred but not claimed. In addition, the County Counsel's Office does not currently track SB 90 hours in order to facilitate such claiming.

## **Quality Control Review Costs**

Based on our review of the mandate reimbursement regulation and instructions, we believe the entire cost of the review may be reimbursable. The review was intended to improve the accuracy and completeness of claims to the State and should be considered for submission by the Controller's Office for reimbursement.

## **Summary of Recommendations**

It is recommended that the Auditor-Controller:

- 1.1 Enhance and disseminate written procedures regarding the SB 90 claiming process for the Auditor-Controller's Office including claims tracking, completion of forms, and documentation requirements. This is particularly important because there has been a significant amount of turn over in the positions that handle SB 90 claiming. Comprehensive procedures would assist new staff without prior SB 90 claiming experience and would provide a more consistent approach to the claiming process.
- 1.2 Develop written SB 90 guidelines for County departments describing the SB 90 claiming process, specific departmental responsibilities, data collection and reporting requirements and procedures, documentation standards, and other pertinent requirements of the County's SB 90 claiming process.
- 1.3 Provide annual training for County departmental staff involved in SB 90 services, including data collection, reporting and reimbursement claiming and conduct field visits to departments to review departmental data collection systems and procedures and provide assistance as appropriate.

Assist departments in the design, development and implementation of data collection systems to support the SB 90 claiming process.

Distribute State instructions and program descriptions to appropriate departmental personnel to obtain departmental input. This process would improve the identification of all applicable County departments and related costs consistent with the claim instructions.

Require all departments choosing not to submit a claim for reimbursement of program costs to provide a written explanation of why such costs were not incurred or should not be claimed.

- 1.4 Revise the existing County-wide productive hours analysis by utilizing hours recorded by the County's time capture segment of the payroll system. Pursuant to page six of the State Controller's September 2001 SB 90 claiming instructions, the only exception is for vacation hours that should be on "earned" rather than "used " time. In addition, rest periods or break-time provided by union contract should be included in the analysis as illustrated on page six of the State SB 90 instructions. Administrative time included as non-productive hours is allowable to the extent that such time is documented and can be verified by independent

audit of payroll or other records.

- 1.5 Develop indirect cost rate proposals for all departments for which SB 90 claims are submitted and which currently do not have ICRPs if the cost of preparing the ICRP does not exceed the benefit.

Revise and update the existing departmental indirect cost rate proposals to ensure that staffing and services and supplies costs that are direct charged in claims and grants are not also included as indirect costs in departmental ICRP's. Annually or bi-annually, require County departments to analyze and submit schedules distributing all departmental staff and services and supplies costs by program or function in accordance with Federal Office of Management and Budget (OMB) Circular A-87 guidelines.

- 1.6 Limit hours claimed per individual to the total annual number of productive hours calculated for each fiscal year except for employees who receive cash overtime compensation. Limit the number of daily chargeable hours to 7.5 hours to account for the one-half hour of break-time included in the analysis of productive hours.
- 1.7 Review and assess specific claims identified in this report and submit amended claims to obtain full reimbursement of previously unclaimed costs or to correct amounts over claimed in error. Amended claims for additional reimbursement should only be claimed in instances when the revised claim would result in a net reimbursement to the County sufficiently in excess of the original claim and the applicable late claim penalty.
- 1.8 Develop an SB 90 processing calendar to ensure adequate time for the collecting and reporting of program data to the Auditor-Controller, the preparation of a draft claim, departmental review of draft claims, and the final submission of claims by the annual January 15 due date. Copies of all final claims should also be provided to the departments claiming reimbursement.
- 1.9 Use a uniform timesheet for recording Auditor-Controller SB 90 time that includes all program codes. This will improve the recording and tracking of time spent on all SB 90 related activities.

It is recommended that the Auditor-Controller's Office and the Office of the County Counsel:

- 1.10 Review the current procedures under which County Counsel provides support of SB 90 claims and bills for such support in order to determine the most effective strategy to maximize the County's SB 90 revenues and include County Counsel-related costs in the SB 90 claim each year.

It is recommended that all County departments that provide SB 90 reimbursable services:

- 1.11 Develop written procedures related to SB 90 data collection, reporting and documentation requirements to ensure that all reimbursable costs are fully and accurately identified, reported and claimed. Departments should also retain complete work papers and supporting time records and other documentation for each claim submitted in the event of an audit or future reference needs.

### **Findings Pertaining to Specific FY 2000-01 SB 90 Claims**

The following findings relate to specific SB 90 claims. The original claim amount submitted by the department is presented and relevant issues discussed.

<b><u>Claim Title</u></b>	<b><u>Claiming Department</u></b>	<b><u>Original Claim</u></b>
<b>AIDS Testing</b>	<b>Public Health</b>	<b>\$7,816</b>

This claim reimburses the County for court ordered testing and counseling services for certain sex offenders and prostitutes charged under Penal Code Section 1202.1(d). The reimbursable services include testing of the individuals, provision of AIDS prevention education and provision of pre and post test counseling to the victims and the offenders. The Public Health Department staff provided the services claimed.

Court ordered tests are tracked using a specific site code. The testing and counseling are performed at public health clinics. Tests that may have been administered at the County Jail are not included within the claim. The Department claimed 151 court ordered tests in FY 2000-01. This is a substantially lower number than in previous years. In 1999-2000, 245 tests were performed and in 1998-99, 268 court ordered tests were performed. No research has been conducted by the department to determine the reason for the decrease.

The Department has determined that they can only charge the fee for service rate set in an MOU with the State Office of AIDS for the County AIDS testing program that was



entered into in 1997. The rates have not been adjusted since that year. This MOU limits reimbursement to \$10 for HIV testing and between \$15-\$20 for pre and post-counseling services. The department however, does not charge the cost of this sex offender testing and counseling program to the AIDS grant received from the State.

The Public Health Department indicates that the time for providing the services is proscribed by the MOU with the State Office of AIDS. The set time for administering the test and conducting counseling is 40 minutes and up to 65 minutes if the test is positive. There has not been a time study conducted to determine actual time. The department does not log staff time for providing these services under this program. The following positions perform services to this program: Health Services Assistants, Communicable Disease Investigators and Registered Nurse IIs.

The Department of Public Health claims a fixed fee for service instead of actual costs for HIV/AIDS counseling services provided under this mandated program. In addition the number of court ordered tests has decreased substantially which department staff has not reviewed. Costs that may be incurred through testing and counseling sex offenders in the Jail are not claimed. Other program costs for filing reports attributable to this mandate are not claimed by the Probation Department. The claim for this program was due on November 30, 2001, but was not submitted to the State Controller until January 15, 2002. The late submission of this claim will result in a 10 percent penalty.

A determination should be requested by County Counsel as to whether the Department is limited to charging the rates specified in the State agreement for this testing program. The Public Health Department should conduct a time study to determine the unit cost for providing HIV testing, and HIV/AIDS counseling services. This will be a more accurate method for claiming costs for Chapter 1597/88 mandated services. The Auditor-Controller's Office should determine with the Sheriff and Probation departments if any costs have been incurred under the mandates of this program to ensure these costs are captured and claimed.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Allocation of Property Tax Revenue: Education Revenue Augmentation Fund</b>	<b>Auditor-Controller</b>	<b>\$16,131</b>

Counties are reimbursed through the SB 90 process for the costs associated with planning, implementing, administering, accounting and reporting for revised property

tax allocations to school districts. The shift of revenues to school districts is commonly known as the Education Revenues Augmentation Fund (ERAF).

The time spent fulfilling this mandate is estimated by the Auditor-Controller's Property Tax Division, but not supported by actual time records or formal time studies. While the time claimed appears reasonable, the Property Tax Division should track the actual time spent on this mandate or derive a current time study to support the time claimed.

Additionally, the indirect cost rate utilized for Auditor-Controller activities appears to be high. In the calculation of the rate, almost all services and supplies are classified as indirect costs. Included as indirect costs are data processing charges, which comprised over 17 percent of total departmental expenditures in fiscal year 2000-01, and other large charges, which should be allocated to the appropriate Auditor-Controller cost centers and categorized as direct. For example, as part of the data processing charges, the Auditor-Controller is billed for data processing expenses related to the County's Recorder function, which is a separate and distinct function of the Department. This charge should not be allocated to the Property Tax Division because it does not support the Property Tax function. An estimate of the impact of reclassifying a portion of data processing charges related to large Auditor-Controller systems results in an approximate reduction in the claim amount of \$2,196 or 14 percent. In future years, these costs should be reclassified as direct, which would lower the indirect cost rate and reduce the claim amount. Refinement of the indirect cost rate will also affect other Auditor-Controller claims including the Open Meetings Act, Unitary County-wide Tax Rate, and the Mandate Reimbursement Process.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Child Abduction Recovery</b>	<b>District Attorney</b>	<b>\$1,099,756</b>

The District Attorney's Office claimed \$1,099,756 of reimbursable SB 90 child abduction and recovery costs in FY 2000-01. However, based on interview with the supervising and lead attorney, no costs were claimed for various direct labor and service and supplies costs including the following.

- Attorney relief support provided during absence of the one attorney in the unit, including vacation, sick leave and other absences.
- Investigator support provided by investigators not assigned to the Child Abduction and Recovery Unit.

- Supervising Attorney time for consultations (usually daily) with the unit attorney to discuss child abduction and recovery issues.
- Foster care/housing costs for children recovered pursuant to out-of-state jurisdiction cases.
- Attorney and investigator administrative time spent maintaining records, compiling data and summarizing and reporting unit statistics and costs related to this mandated function. Such costs are claimable on the County-wide mandate process claim.

The District Attorney's Office should develop a methodology to identify and track the above costs in order to fully recover reimbursable mandated costs incurred by the General Fund. This could be accomplished by utilizing time sheets for staff involved in performing activities related to child abduction and recovery or by performing an annual time study to identify and document such costs. Although most of the costs of staff directly assigned to the unit are currently claimed, costs for attorney and investigative staff not assigned to the unit are not currently captured and reported.

As an example, none of the time of the supervising attorney who currently is responsible for approximately 13 separate programs or functions is included in the child abduction and recovery claim. If his time expended on this claim amounted to one-thirteenth of his total time (127 hours or less than three hours per week), that would amount to approximately \$9,033 of salary and benefit cost and \$7,468 of overhead costs. Therefore, total additional costs would amount to \$16,501, just related to this one supervisor on this one claim.

Based on a review of the indirect cost rate proposal (ICRP) prepared for the Office of the District Attorney and submitted to the State for SB 90 claiming purposes, the 82.67 percent rate is over stated. The preparation of ICRPs must be performed in a specific method specified by the State Controller and in conformance with the requirements of the Federal Office of Management and Budget Regulation A-87. Regulation A-87 establishes mandatory standards for the calculation of indirect costs by local governments when claiming such costs on State and Federal programs and grants.

As a result of including certain service and supply costs among the indirect overhead costs included in the ICRP analysis, and directly claiming those same costs for reimbursement on this claim, the ICRP is overstated. These costs include \$40,868 claimed for Air Travel while the indirect cost rate proposal reported that all but \$7,073 of departmental expenditures for Air Travel was an indirect cost. Similarly, Motor Pool costs amounting to \$32,820 were direct charged on this SB 90 claim while the indirect

cost rate proposal accounted for all but \$24,226 of Departmental expenditures for Motor Pool costs as an indirect cost.

The Office of the District Attorney should perform a complete review of the ICRP to ensure that all staffing and service and supply costs are appropriately classified. In accordance with State Controller guidelines, indirect costs can only include those costs incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular program without efforts disproportionate to the result achieved

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Developmentally Disabled: Attorney Services</b>	<b>Public Defender</b>	<b>\$33,614</b>

The Developmentally Disabled: Attorney Services mandate provides for a court appointed public defender or other legal representation for developmentally disabled persons when guardianship or conservatorship is sought or for commitments or recommitments of mentally retarded persons.

The Public Defender does not have a formalized, consistent time tracking system for SB 90 reimbursable programs. For the Developmentally Disabled: Attorney Services claim, time is estimated and not supported by a time study. While a database has been established to track these cases, we noted errors in the tabulation of estimated time worked, including clerical time not carried forward to the claim and a transposition error that inflated Deputy Public Defender time worked. The Public Defender should develop formalized internal policies and procedures, which should be distributed to all staff working on SB 90 mandated cases. These policies and procedures should clearly articulate definitions of allowable time and should include a format for tracking actual time worked on these cases or, in case of estimates, the development of a time study to substantiate the estimates claimed.

In addition to time worked on this mandate, the Public Defender submits to the Auditor-Controller costs for the psychological evaluation of clients. The costs for four evaluations were eliminated from the final fiscal year 2000-01 claim. It is possible they were eliminated because the evaluations occurred in the prior fiscal year. However, payment for these services, totaling \$1,400, did not occur until the year of the claim. The Department reviewed the fiscal year 1999-00 claim and noted that the four evaluations had not been claimed. The Public Defender should include in its claim

compilation process a step to confirm that all appropriate costs have been captured, given the timing differences between incurrence of a liability and payment.

These adjustments result in an increase in claimable costs of \$689. While this amount may not be material to justify filing a revised claim, the underlying issues may result in larger losses in the future.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Investment Reports</b>	<b>Treasurer-Tax Collector</b>	<b>\$21,945</b>

This mandate requires the County to provide an annual statement of investment policy and quarterly reports of investments to the Board of Supervisors and the Treasury Oversight Committee. In claiming the costs associated with these activities, the Department may not have considered revenue offsets. Users of the County's Treasury investment services, such as school districts, are charged an administrative fee that is based on investment activity costs. To the extent that the costs claimed through the SB 90 mandated claim process are also reimbursed by a third party through this administrative fee, the Department has over claimed. To correct for this duplicate billing of costs, the Department can either reduce the Investment Reports SB 90 claim by the amount recovered from external parties through the administrative fee, or it can remove the SB 90 claimed costs from the calculation of the administrative fee.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Mandate Reimbursement Process</b>	<b>Auditor-Controller</b>	<b>\$216,470</b>

The Mandate Reimbursement Process claim reimburses the County for the costs incurred for filing SB 90 mandate claims with the State. The claim submitted by the Auditor-Controller for FY 2000-2001 cost reimbursements includes direct and indirect costs for preparing 23 reimbursement claims, five test claims and two incorrect reduction claims. The costs claimed were primarily staff time and related costs. In addition, the claim includes costs incurred by other County departments for compiling departmental information for SB 90 claims. A total of \$216,470 was claimed for reimbursement.

The Auditor-Controller's Office identified 2,492 billable staff hours. Although hours are coded to specific projects on the time sheet, there is not a uniform timesheet that includes all program codes. One activity that the Auditor-Controller does not clearly identify reimbursement for is staff time required to develop Indirect Cost Rate Proposals (ICRP) for individual departments. There are seven departments for whom the Auditor-Controller annually develops an ICRP to use for claiming indirect costs. The cost for performing this function for criminal justice related departments is charged to the State through a provision in Penal Code 4750, however costs related to the non-criminal justice departments must be included under SB 90 Mandate Reimbursement Process claims. There are three non-criminal justice departments that had a fiscal year 2000-2001 ICRP prepared, including the Auditor Controller, Registrar of Voters and Public Administrator/Coroner. It is unclear from the claim whether the staff time required to prepare this information was claimed for reimbursement.

In addition, certain departments have not submitted claim reimbursements under the Mandate Reimbursement Process claim. The departments include the Public Defender's Office and Probation. Additionally, the Public Health Department has submitted a claim that is substantially lower than most other departments, indicating that they may not have adequately captured their costs for compiling claims.

Each department is annually sent a set of instructions and claims in October regarding the compilation of SB 90 program data. The Auditor-Controller begins collecting this data in early January. Most claims are due January 15<sup>th</sup>, but several were due the previous November. Our analysis of the average time departments reported spending to compile the information needed to make a SB 90 claim was approximately 25 hours of staff time, which averaged approximately \$2,271 for each department. Therefore potentially over \$6,000 in additional costs could have been claimed based on current claiming practices.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Mentally Disordered Sexual Offenders</b>	<b>Public Defender</b>	<b>\$17,698</b>

The claim for Mentally Disordered Sexual Offender Recommitments allows reimbursement for costs involved with transportation, care and custody of patients, trial costs, juror fees, and prosecuting district attorney's costs. This program is limited to only those offenders who are currently committed. New commitments are no longer eligible. Offenders can only come up for recommitment every two years.

During fiscal year 2000-2001, there were two patients at Patton State Hospital for whom recommitment work was conducted which included one jury trial for one of the offenders. The original claim for this program, included only costs incurred and prepared by the Public Defender's office. Following our review, 42 additional hours of attorney time were identified as not having been included in the claim, as well as mileage used during the jury trial by Public Defender staff. The additional estimated reimbursable cost is approximately \$2,600.

The original claim for the MDSO program did not include costs incurred by the District Attorney. This is due to an error by the District Attorney's Office, in which costs for the two MDSO patients were claimed within another program - Mentally Disordered Offender program (MDO). The MDO program claim had not been filed by the Auditor-Controller's Office at the time of the audit. The District Attorney's office incurred costs for attorney time, investigator and investigator technician, paralegal and clerk on two cases. There were 542.5 hours of staff time logged for the MDSO cases. Because the cases are tracked by defendant name, the costs are fairly easy to identify. In total, approximately \$60,000 in labor costs should be claimed for the MDSO program by the District Attorney's Office as well as costs incurred for mileage and services and supplies.

Finally, the costs for transportation and care and custody of offenders are eligible for reimbursement. The cost of transportation of the defendant from Patton State Hospital to the Courthouse during the trial by the Sheriff's Department has not been claimed.

The Auditor-Controller's Office should request and review all costs incurred for the Mentally Disordered Sexual Offender Recommitments and determine the additional reimbursement for Public Defender services. The \$60,000 of District Attorney costs claimed for two defendants under the MDO program should be claimed under the MDSO program. Costs for Sheriff's transportation services should be determined and claimed in the adjusted claim.

The claim for the MDSO program should be resubmitted with all reimbursable costs under this program no later than November 30, 2002, in order to be eligible for reimbursement.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Not Guilty by Reason Of Insanity</b>	<b>Public Defender</b>	<b>\$45,526</b>

This mandate reimburses the Public Defender for the defense of clients found not guilty by reason of insanity during commitment extensions, which occur every two years. The Public Defender does not have a formalized and consistent tracking system to capture time worked on this mandate. Because this function is not centralized in the Public Defender's main office, the administration must rely upon attorneys in other offices to forward information on claimable cases. During the review, four cases were identified that had not been claimed despite \$579 in reimbursable costs, including indirect costs.

Additionally, there are several categories of allowable time, including preparation for trial, pretrial hearing, and actual trial or hearing. However, Deputy Public Defender time was typically categorized as all actual trial or hearing time, indicating that there was no preparation or pretrial hearing for almost all cases. According to the Department, this time is included with the actual trial or hearing time. Formalized internal policies and procedures should be established and distributed to all staff working on SB 90 mandated cases. These policies and procedures should clearly articulate definitions of allowable time and should include a format for tracking and categorizing time worked on these cases. Further, the Public Defender should establish a mechanism to cross check cases claimed with the District Attorney to ensure all cases are identified.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Open Meetings Act</b>	<b>Various</b>	<b>\$71,744</b>

The Open Meetings Act requires local agencies to post a single agenda for any legislative body 72 hours before the meeting in a place accessible to the public. The agenda should contain a general description of each item to be transacted or discussed, the meeting time and the meeting location. The Auditor-Controller filed a claim totaling \$71,774 for all departments that reported having agenda items during fiscal year 2000-01. For the Board of Supervisors weekly meetings, 1,679 agenda items were claimed. A review of Board agendas for the fiscal year identified approximately 3,443 agenda items. Accordingly, reimbursement for over 50 percent of agenda items was not claimed.



The Auditor-Controller filed an amended claim that included costs for a total of 1,887 agenda items. According to the Auditor-Controller, not all agenda items were claimed because some departments believed it was not cost-beneficial to do so. However, when combined, these agenda items allow for a significant amount of reimbursable costs. A revised claim should be filed that accounts for these items, which are estimated to total approximately \$47,013 in reimbursable costs in excess of the original claim. It is recommended that the Auditor-Controller revise its procedures for this claim and centralize the compilation of agenda items by internally tallying items from the Board of Supervisors weekly agendas. The agendas clearly designate which department is sponsoring the agenda item, which will enable the Auditor-Controller to apply the appropriate blended productive hourly rate.

The blended productive hourly rate includes indirect costs. In the computation of the rate, indirect costs are calculated using the standard ten percent indirect cost rate. Because the standard ten percent rate is typically well under the actual indirect cost rates of departments, we recommend the Auditor-Controller calculate indirect cost rates for departments that have a significant number of agenda items. Additionally, because the Clerk of the Board, County Counsel, and the County Administrative Officer are components in every blended productive hourly rate calculation, the Auditor-Controller should prepare indirect cost rate proposals for these three departments. The Auditor-Controller has developed spreadsheets that would make the computation of the blended productive hourly rate using actual indirect cost rates easy to implement. As an example, increasing the District Attorney's indirect cost rate to 83 percent increases the blended productive hourly rate by almost 22 percent. However, 50 percent of the time worked on District Attorney agenda items is by Clerk of the Board, County Counsel, and County Administrative Office staff. Accordingly, computing and applying an actual indirect cost rate for these three departments could substantially increase the blended productive hourly rate and reimbursed costs.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Perinatal Services	PH/ARMC	\$280,114

This claim reimburses counties for inpatient costs of screening maternity patients, as well as the costs of testing and assessing newborns for substance-exposure. The claim reimburses counties to establish a discharge plan for substance exposed newborns that ensures a safe and healthy return to the family's home or, if necessary, a referral to the County welfare department. Three areas of this claim were identified that merit further analysis and claim preparation by the Auditor-Controller's Office, the Public Health Department and staff at Arrowhead Regional Medical Center

The services submitted for reimbursement are provided by the Public Health Department and Medical Center, however the claim does not include an indirect cost rate proposal for the medical center and uses salary information from the Public Health Department to calculate salary costs for medical center employees. Based on Medical Center budget data from the 2000-01 fiscal year, it is estimated that the productive hourly rate in the claim understates the costs of Registered Nurses by 26 percent. Medical Center staff and ACR staff should develop an indirect cost rate and devise a system whereby Medical Center provides the ACR office with the data necessary to prepare the claim each year. Fieldwork confirmed that Medical Center staff who provided the Auditor-Controller's office the data for this claim did not receive a copy of the finalized claim for review prior to its submission, nor had they received a copy of the claim as submitted at the time of our review. The changes in the claim related to the salary adjustment described above, other adjustments made using salary figures of Medical Center employees during the fiscal year and the application of the Public Health indirect cost rate total an increase in the claim of \$13,350.

The toxicology screen claim component is described in the instructions as the "Costs incurred in identification of substance-exposed newborns by an employee in the health care setting, in accordance with hospital protocol." This cost is reflected in the current claim by estimating the actual cost of the toxicology screens performed relative to the published charge for the procedure, based on the Medical Center's consideration of its overall charge to cost ratio. This cost estimate should be strengthened by further analysis of the costs of a toxicology screen, including lab costs and staff costs. A positive screen may trigger more specific laboratory tests to be ordered, which are reimbursable, as was the case in three of 19 positive screens, provided by Medical Center staff. Medical Center should track the tests that take place when a screen is positive and the additional costs. Based on estimates using the Medical Center method, the toxicology screen costs may be understated by approximately \$2,871, given reimbursement received for the tests, as described below.

The claim instructions direct counties to reduce each claim by savings or reimbursements submitted or received. The fiscal year 2000-01 claim does reduce the total claim by the Medi-Cal reimbursement amount for toxicology screens. Any additional reimbursement received by Public Health or Medical Center that is directly related or allocated to the perinatal services included in the claim should be reflected in lines nine and 10 of Form PS-1. Taken together, the changes recommended in the claim will result in an increase of \$16,221 or six percent.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
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**Search Warrant AIDS**

**District Attorney**

**\$81,584**

Penal Code Section 1524.1 allows crime victims the opportunity to approach the court and request that a Search Warrant be issued to test the charged person for HIV/AIDS. This claim reimburses the County for costs related to the testing of the charged person and the victim, the provision of pre- and post-test counseling and the informing of the victim and the charged person of the test results.

The District Attorney's Office claimed \$81,584 of reimbursable SB 90 search warrant AIDS costs in FY 2000-01. This claim was based on the salary cost of one investigative technician, plus fringe benefits, indirect costs and the cost of related services and supplies. No costs were included for attorney time spent reviewing approximately 10,000 complaints filed by local law enforcement agencies prior to referring specific cases to the investigative technician for processing. Attorney time could potentially include the following:

- Review of complaints filed with the District Attorney's Office to identify potential cases where police reports showed probable cause that blood, semen, or any other bodily fluid identified by the State Department of Health Services as capable of transmitting the human immuno-deficiency virus to another individual may have been transmitted.
- Preparation and filing of a notice of testing document with the courts and providing a copy of such document to the arrested person at his/her arraignment, and routing copies of the complaint to the appropriate personnel and the court.
- Notification of the victim of the right under Penal Code Section 1524.1(c) to have the defendant tested for AIDS. Provide professional consultation to the victim informing him/her about the spread of disease, high risk factors for transmitting AIDS and the benefits and limitations of testing, per Penal Code Section 1524.1. Provide pre-request counseling to help the victim decide whether to ask the accused be tested, and to decide whether the victim wants to be tested. (Although notification by mail is the initial approach usually attempted, personal contact is generally necessary to adequately meet the requirements of this component of the mandate.)
- In cases where the victim requests testing, prepare the necessary documentation for the courts. Distribute and follow-up on all Penal Code Section 1524.1 search warrants.

- Prepare for and attend hearings before the court to support the issuance of a search warrant pursuant to Penal Code Section 1524.2(c).

State Controller instructions for collecting costs related to this mandate permit counties the option of performing periodic time studies to calculate the average number of hours spent on reimbursable activities related to this mandate in-lieu of tracking actual hours. Such time studies must be supported by documentation. One such form of documentation would be a simple survey questionnaire identifying the approximate number of hours or fractions thereof expended weekly performing the above activities. A short questionnaire could be provided to attorneys annually or every two or three years depending on the County's assessment of the stability of this function as related to workload and process requirements.

The District Attorney's Office provided a response to the draft report indicating that this function has been automated and that Technicians now do this work. The District Attorney also asserted that no attorney time is expended reviewing police reports to identify these cases. However, interviews with attorneys whose fulltime job is to review police reports eight hours per day and 40 hours per week report that they do look for cases that may have involved a transfer of body fluids and refer such cases to the Technician to process. The attorney also reported that there are approximately 14 deputy district attorneys County-wide who perform the identical function of reviewing police reports. The time of each of these attorneys expended identifying and referring these cases is reimbursable and should be reported and claimed. As an example, one hour per week for 14 attorneys would amount to approximately 700 attorney hours and total claimable costs, including overhead, of at least \$70,000. Further, any attorney time expended maintaining records and reporting time would also be fully reimbursable as a part of the mandate process claim.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Services to Handicapped Students	Behavioral Health	\$877,779

This claim reimburses the County for costs related to the assessment and treatment of seriously emotionally disturbed children. The assessments and related treatment services are the result of a collaborative process between the Department of Behavioral Health, the parents and caretakers of the child and representatives of the education system. While the amount claimed by San Bernardino appears somewhat low relative to other large counties, it does appear that the claim generally reflects the delivery of services to severely emotionally disturbed students. Strategies are presented to refine

the claim, analyze an alternative claiming method and augment the future claimable amount by including time spent by County Counsel in mediation and due process proceedings.

An issue affecting all counties regarding this claim is currently under consideration by the State and a decision is expected when the State finalizes the fiscal year 2002-2003 budget. At issue is the determination of whether 100 or 10 percent of treatment costs are reimbursable under this SB 90 claim, given the consideration of the claim when Realignment legislation was enacted. San Bernardino has historically claimed 100 percent of both the treatment and assessment costs and a letter stating that no Realignment funds were used to support the programs has accompanied the claim data provided to the Auditor-Controller office by the Department of Behavioral Health. The passage of a trailer bill may hold counties harmless for previous claims under this chapter of SB 90, freeing up previously reserved funds received from the State.<sup>1</sup> We have determined that the County has already transferred approximately \$800,000 of previously claimed funds under this chapter to the department. The trailer bill language also precludes counties from amending their fiscal year 2000-01 claims. Regardless of the outcome of the trailer bill, the recommendations should be used to construct future claims that more accurately and completely detail all the relevant and appropriate costs of providing the functions described in the claim instructions.

The data used to report units of treatment provided and the related costs is derived from two sources – the Department of Behavioral Health’s Management Information System and the year-end cost report submitted to the California Department of Mental Health. While the data may have been transferred accurately from these sources, two recommendations will increase the accuracy of the data and augment those units of treatment claimable in future years. First, the MIS system relies on clinicians and clerical staff recognizing the child as one specifically entitled to the SED services. Periodic verification of the payer classification of all children receiving mental health services will ensure that the claim data captures all relevant costs. In addition, program staff and fiscal staff of the Department of the Behavioral Health should carefully review the claim instructions and procedure codes to ensure that what the claim considers “assessment” matches the type of service provided under the assessment procedure codes. In reviewing this information with Department staff, it appears that the standard

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<sup>1</sup> “Notwithstanding any other provision of law, with respect to the Handicapped and Disabled Students state-mandated program, county reimbursement claims submitted to the State Auditor-Controller for reimbursement for services associated with providing eligible mental health treatment services to Special Education Program pupils in years up to and including the 2000-01 fiscal year are deemed correct and shall not be subject to dispute by the State Auditor-Controller’s Office. **No county may amend a previously submitted reimbursement claim for the 2000-01 fiscal year or prior for eligible mental health treatment services to Special Education Program pupils.**” Subcommittee on Health and Human Services May 8, 2002, Item 4440 Issue 13. Trailer Bill language as proposed.

classification of types of treatment under the MIS system may not necessarily correspond with the categorization of service under the claim instructions. Such categorization is important related to the issue discussed above.

San Bernardino's Department of Behavioral Health has selected the cost report method to prepare this claim, deriving the proportion of Administrative costs related to the specific set of services and including this amount for reimbursement under the claim. While this method may be allowable, it is recommended that the Department prepare a cost report method claim using an indirect cost rate in order to compare the two claim amounts and select a claim method for future years. Such analysis will determine how effectively the current claiming method captures the indirect costs related to the provision of services and the administration of the program.

A component of the claim that was not considered includes the time that County Counsel spends representing the Department of Behavioral Health in due process mediation sessions and hearings. The Office of the County Counsel provided data indicating that a total of approximately 30 hours were spent on cases related to this claim and the SEDs claim, discussed later in the review. Future claims should include the specific hours related to each claim, including the development of an ICRP for the Office of the County Counsel and the exclusion of these direct charges from the Behavioral Health ICRP.

Finally, a review of the claim instructions and forms provided by the State for this claim revealed that the forms have been updated in 1998 and 2000 but that the Department of Behavioral Health used the 1997 forms when preparing the claim. The Auditor-Controller's Office provides DBH staff with an electronic version of the claim forms annually. It is recommended that the Auditor-Controller update the revised forms into the electronic forms and forward a hard copy of the revised claim forms and instructions to the Department. A discrepancy in a form across revisions related to the calculation of administrative costs was identified during the review. The State Controller's Office verbally confirmed the error in the claim forms. This discrepancy does not affect the amount claimed, given the Department's selection of the cost report method.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Sexually Violent Predators</b>	<b>District Attorney</b>	<b>\$988,821</b>

The claim related to sexually violent predators reimburses the County for legal counsel, support staff, prisoner housing, transportation and other costs.

The District Attorney's Office claimed \$988,821 of reimbursable SB 90 sexually violent predator costs in FY 2000-01. This claim reported labor and services and supplies costs related to 43 cases. Cases are manually tracked by clerical support staff and related staff hours are obtained from attorneys, paralegal, and investigative staff time sheets. While this is an acceptable method of tracking these SB 90 reimbursable costs, it is possible that costs related to reimbursable cases could be omitted without the use of an automated verification process. Ideally, a computer generated list could be produced each fiscal year identifying all cases involving persons convicted of offenses as sexually violent predators for whom continued detention assessments and hearings were conducted in accordance with Welfare and Institutions Code Sections 6250 - 6608.

In addition to the use of a second case identification methodology to verify that all reimbursable case costs are included in the SB 90 claim, costs related to lead attorney, attorney and investigator administrative time spent maintaining records, compiling data and summarizing and reporting unit statistics and costs related to this mandated function are not claimed. Such costs are claimable on the County-wide mandate process claim.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>SIDS: Autopsy Protocol</b>	<b>Coroner</b>	<b>\$74,353</b>

This claim reimburses the County for autopsies performed according to established State protocols on infants who have died suddenly and unexpectedly. The Coroner's office, which is combined with the Public Administrator, the Public Guardian, and the Public Conservator, claimed \$74,353 in fiscal year 2000-01. A review of the indirect cost rate, which is 186.55 percent, indicates that a significant amount of staffing costs have been classified as indirect costs. In fact, almost 55 percent of salaries and benefits have been classified as indirect, including Embalmer Autopsy Assistants, a Medical Transcriber, a Transcriber Typist, and Clerks that directly support on the Public Guardian or Coroner functions. All of these positions have a direct relationship to one cost activity. To the extent that these positions provide assistance to the Coroner, their time should be classified as direct and billed as direct, if they work on the reimbursable mandate. If this time is difficult to track, a time study should be utilized to appropriately capture the direct time worked by these employees. Reclassifying these positions as direct costs reduces the indirect cost rate to 89 percent and reduces reimbursable costs by \$22,884.

Further, the time spent fulfilling this mandate is estimated by the Coroner, but not supported by actual time records or formal time studies. The Coroner's Office did do an informal review in 1997 of the SIDS autopsy process including tracking the time for several claimable activities. However, this review did not cover all claimable activities and for some activities that it did cover, claimed hours substantially exceed the hours reported in the internal review. For example, 3.5 hours are claimed for death investigation interviews. The internal review of three cases averaged only 1.25 hours to conduct these interviews. The Department should track the actual time spent on this mandate or derive formal time studies to support the time claimed.



<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Unitary County-wide Tax Rate</b>	<b>Auditor-Controller</b>	<b>\$17,058</b>

The Unitary County-wide Tax Rates claim reimburses counties for the implementation and on-going costs related to the establishment of a single tax bill for unitary and operating non-unitary property, which had received numerous tax bills by parcel prior to the mandate. While the components of this function primarily reside in the Auditor-Controller Department, the Treasurer-Tax Collector is responsible for issuing one tax bill.

The time spent fulfilling this mandate is estimated by the Auditor-Controller's Property Tax Division, but not supported by actual time records or formal time studies. While the time claimed appears reasonable, the Property Tax Division should track the actual time spent on this mandate or derive current time studies to support the time claimed.

Additionally, as previously discussed with the Allocation of Property Tax Revenues: Education Revenue Augmentation Fund claim, the indirect cost rate utilized for Auditor-Controller activities appears to be high. In the calculation of the rate, almost all services and supplies are classified as indirect costs. These costs should be examined and reclassified as direct, if applicable. An estimate of the impact of reclassifying data processing charges alone results in a reduction of the claim by \$1,661 or ten percent.

The Treasurer-Tax Collector has not filled for reimbursement under this claim for the issuance of unitary tax bills. According to the Department, the insignificant amount of time that is spent on this mandate precludes filing for reimbursement. The Department reported one clerical staff works approximately half a day per year on this mandate, which would total approximately \$80 in salary and benefit costs.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Voter Registration</b>	<b>Registrar of Voters</b>	<b>\$38,784</b>

This claim reimburses the County for costs incurred in complying with voter registration provisions, including the provisions authorizing voter registration by mail and voter outreach programs. The reimbursement rate is the fiscal year 1992-93 per affidavit cost adjusted for annual changes in the Consumer Price Index (CPI). The amount fixed by the State per affidavit for fiscal year 2000-01 is \$0.405. During the fiscal

year 2000-01, the Registrar of Voters processed 95,762 affidavits.  $(95,762 \times \$0.405 = \$38,784)$ .

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
SED Pupils: Out of State	DBH	\$227,081

This claim reimburses counties for the placement of Severely Emotionally Disturbed (SED) children out-of-state as well as the case management of out-of-state placements when in-state residential treatment is not available or effective.

The claim prepared by the Department of Behavioral Health and the Office of the Auditor-Controller does not include any indirect costs. The State Controller allows for an indirect cost rate of 10 percent to be applied without any workpapers; the calculation of indirect costs based on a rate higher than 10 percent requires the preparation of an Indirect Cost Rate Proposal (ICRP). DBH staff prepared two portions of the claim that require calculations of productive hourly rates and productive hourly benefit rates. These calculations used total hours worked during the fiscal year rather than the 1,800 allowed without work papers, and rather than the 1,655 hours typically used by the County's ACR office when calculating its "charge rates." By applying the appropriate productive hours and using the estimated indirect rate of 28 percent, the claim can be increased by \$10,735. It is recommended that the Department of Behavioral Health and the ACR's office develop an ICRP to be used in this claim and to be considered for use in the Services to Handicapped Students claim. A memo from the ACR's office to the Department of Behavioral Health in May of 2001 indicates that the development of an ICRP was initiated and that the first three claims included the 10 percent indirect rate. Staff of the ACR Office confirmed that the claim for the 2000-01 fiscal year erroneously did not include any indirect costs.

This claim includes reimbursements of payments to vendors for out-of-state placements, per the claiming instructions. There are two components of these payments – the room and board fees and the fees related to treatment that the children receive while they reside in the placement. Because the payment is processed and delivered to the vendors through the Social Services agency, the Department of Behavioral Health transfers funds related to the treatment costs and relies on the Department of Social Services to add these transfers to the room and board costs. The Department of Social Services receives approximately 40 percent of the room and board costs from the State and Federal governments under its assistance claim. The Office of the Auditor-Controller, DBH and Social Services should meet and discuss the instructions to submit a SB 90 claim that includes all related County costs and subsequent reimbursements. While the County has only claimed the costs of treatment under this SB 90 claim, the claim instructions specifically direct claimants to include the room and board costs

related to these placements.<sup>2</sup> Such inclusion would, in effect, seek reimbursement for 100 percent of the placement costs of these children and offset these amounts by the 40 percent reimbursed by Federal and State funds. The net effect of including these costs would total an estimated \$300,000 for the 2000-01 fiscal year. We have submitted a written request for clarification related to this issue to the State Controller's Office Local Reimbursement Section and are awaiting a response.

Because the reimbursements to two of the vendors listed in the claim during the 2000-01 fiscal year exceeded \$25,000, audit staff inquired as to the nature of these contracts and their approval by the Board of Supervisors, pursuant to the recently approved ordinance and policies regarding purchasing.<sup>3</sup> The Department provided audit staff with a brief placement agreement and indicated that no MOU or contracts exist. If these placements meet the definition of an exception per the Board's policy 11-05, or have been previously approved under a delegation of authority provision, this should be documented and provided to the Board of Supervisors. If the placements do not meet the exception criteria, contracts approved by County Counsel should be developed and executed with the vendors. The initial claim under this chapter specifically provided one-time reimbursement for the establishment of contracts, so the costs to develop such contracts, if deemed necessary, may be claimable under this SB 90 chapter. Although the Department of Behavioral Health previously submitted a claim for one-time costs, an additional vendor began to provide services during the 2000-01 fiscal year. One-time costs in addition to those already claimed may be eligible for reimbursement as the claim instructions specifically state that costs to "develop policies, procedures and contractual arrangement, necessary to implement a county's new fiscal and programmatic responsibilities for SED pupils placed in out-of-state residential programs" are reimbursable.<sup>4</sup> The appropriateness of including these costs in the claim should be clarified with the State Controller's Office.

In a manner consistent with the Services to Handicapped Students claim, time spent by County Counsel providing the specific services outlined in the claim instructions appear to have been provided in the 2000-01 fiscal year but not submitted for reimbursement. Out-of-state placements required County Counsel to dedicate approximately 30 hours to the Department of Behavioral Health. Based on the County's productive hourly average of 1,655 hours and the minimum indirect rate of 10 percent, the inclusion of these hours will increase the claim by \$2,481.

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<sup>2</sup> State Auditor-Controller's Office, Mandated Cost Manual, Form SEDP-2 Instructions: "Mental Health Service Vendor Reimbursements\*. This component includes reimbursement for residential costs, i.e. board and care of out-of-state placements."

<sup>3</sup> Item 61, April 30, 2002 Board of Supervisors Meeting, Item 53, May 7, 2002 Meeting

<sup>4</sup> Parameters and Guidelines, Government Code Section 7576, Statutes of 1996, Chapter 654, p. 2

Program staff who provide vendor payment information to the Department of Behavioral Health finance staff identified an error in the 2000-01 fiscal year claim during our review of the claim. The claim includes vendor costs for the month of July 2001, the first month of the subsequent fiscal year. This error underscores the need for program, finance and ACR staff to collaborate on claim data preparation and review each other's work. An amended claim should be prepared to correct this error which will result in a reduction of \$17,219 dollars in the fiscal year 2000-01 claim. These costs can be claimed in FY 2001-02.

In summary, the adjustments to this claim will result either in a claim reduction of \$4,003 or an increase of \$295,997, depending on the outcome of the placement cost issue submitted to the State Controller.

<u>Claim Title</u>	<u>Departments</u>	<u>Original Claim</u>
Peace Officer Bill Of Rights (POBAR)	Sheriff County Counsel	\$247,650

This mandate includes reimbursement for administrative activities, appeals, interrogations and other costs incurred by the County to respond to adverse comments concerning the employment of specified peace officers. During the course of our review, we determined, after discussion with Sheriff staff that there may be some additional unclaimed County costs incurred by the County Counsel in connection with POBAR cases. Details of such costs have been requested from fiscal personnel in the Office of County Counsel, however they have not been received to date. These costs are not believed to be material, however, all costs incurred to comply with State mandates should be documented and claimed in order to fully reimburse the County for expenses incurred by it complying with State Law.

<u>Claim Title</u>	<u>Original Departments</u>	<u>Claim</u>
Cancer Presumption Peace Officers	CAO Risk Management	Not Determined

This claim allows the recovery of costs incurred by the County for the treatment of cancer that may develop or manifest in peace officers engaged in active law enforcement activities. Costs for treatment are allowed if the cancer has developed or manifested itself in peace officers during their period of active employment or within a specified period following termination of the officer's service.

According to the Senior Adjuster in the Risk Management Office, reimbursable costs have been incurred by the County. She states that data was forwarded to the Auditor-Controller's Office for a claim reimbursement by the State, however, we have been unable to ascertain or examine these amounts.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Domestic Violence Treatment Services: Authorization &amp; Case Management</b>	<b>Probation</b>	<b>Not Determined</b>

This domestic violence claim reimburses counties for specified costs associated with the administration and regulation of batterers' treatment programs, notification of victims, and assessment of the future probability of homicide. According to the Probation Department, a claim was not filed for fiscal year 2000-01 due to chronic understaffing. In the fall of 2001, a dedicated position was created in the Probation Department for SB 90 programs. This position has focused on filing the Police Officers Bill of Rights claim due to the large amount of reimbursable costs. Currently, the Department is researching the Domestic Violence Treatment Services mandate and anticipates filing a late claim for fiscal year 2000-01.

### **Sheriff Department Claims Not Filed**

At the outset of the review, quality review staff identified multiple instances where the Sheriff's Department had not prepared claims or submitted the information necessary to claim costs to the Auditor-Controller. At the time we concluded our review and as a result of our inquiries pursuant to the review, the Sheriff's Department researched these potential claims and identified costs totaling \$382,000 of previously unclaimed reimbursable costs and forwarded the necessary information to the Office of the Auditor-Controller. These claims are discussed below:

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Sexually Violent Predators</b>	<b>Sheriff</b>	<b>Not filed</b>

This claim allows reimbursement for the continued detention and treatment of sexually violent offenders. Before detention and treatment are imposed, the County attorney is

required to file a petition for civil commitment. A trial is then conducted. If the inmate accused of being a sexually violent predator is indigent, the County is required to provide the indigent with the assistance of counsel and experts necessary to prepare the defense.

During our review, we determined that the Sheriff had been given a list of possible cases that might be eligible for reimbursement under this mandate. Sheriff staff claimed they were encountering some difficulty in determining the costs for housing, if any, of these cases due to a lack of identifying data from the District Attorney. Sheriff staff state they could more easily determine eligible costs under this mandate if they were furnished, in addition to the subject's name, a date of birth and a booking number or warrant number. Some of this information was developed during the course of our review of the District Attorney's claim related to Sexually Violent Predators and was given to the Sheriff for research and subsequent claim filing. However, no cost data had been generated during the period of our review. As recommended in the Introduction section of this report, improving interdepartmental coordination and communication in the claiming process could facilitate more timely and complete filing of SB 90 claims, thereby increasing County revenues. \$126,789 in claimable costs have now been identified by the Department.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Rape Victim Counseling Center Notices</b>	<b>Sheriff</b>	<b>Not originally filed</b>

Costs for the Sheriff to obtain rape victim consent for and notification of a counseling center and to provide verification to a hospital of the notification are costs eligible for reimbursement by the State. Although no claim had been filed at the time of our review, the Sheriff's staff states that extensions have been requested in order to file a claim under this mandate and that the requested extension is in process. \$4,940 in claimable costs have now been identified by the Sheriff's Department.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Prisoner Parental Rights</b>	<b>Sheriff, Courts, District Attorney</b>	<b>Not originally filed</b>

The costs of transporting prisoners to and from court hearings for minor dependency cases in which they may be involved is reimbursable.

No reimbursement claim has been filed because, according to Sheriff's personnel, they have received insufficient data from the courts and District Attorney to track these cases. As has been previously noted, communication and coordination among the various County departments can aid the recovery of mandated costs from the State.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Misdemeanors Booking &amp; Fingerprinting</b>	<b>Sheriff</b>	<b>Not originally filed</b>

Costs to provide an arrestee with verification of booking or fingerprinting and the costs of providing documentation to the arrestee are eligible for reimbursement. Although the time to comply with this mandate generally ranges from only 1.5 to 5.0 minutes per arrest, the County had over 16,000 citations potentially eligible for reimbursement in FY 2000-01 so that there is a potential for a few thousand dollars in reimbursed costs.



During the course of our review of unfiled claims, we were informed by Sheriff's staff that preparation of a claim for reimbursement of these costs was in process, however we were not able to independently review the components of the claim. \$21,500 in claimable costs have now been identified by the Sheriff's Department.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Stolen Vehicle Notification	Sheriff	Not originally filed

Costs to the Sheriff for notifying the party who reported a vehicle stolen of its recovery are, with some exceptions, reimbursable. We were advised by staff in the Sheriff's Office that a claim was in the process of preparation, however we were not able to review the final amount claimed during the course of our review. \$24,284 in claimable costs have now been identified by the Sheriff's Department.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Domestic Violence Arrest Policies	Sheriff	Not originally filed

This mandate provides for the printing of notices and training of deputies. \$205,000 in claimable costs have now been identified by the Sheriff's Department.

# AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

**AUDITOR/CONTROLLER** • 222 West Hospitality Lane, Fourth Floor  
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830

**RECORDER • COUNTY CLERK** • 222 West Hospitality Lane, First Floor  
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-8940

June 11, 2002

**LARRY WALKER**  
Auditor/Controller-Recorder  
County Clerk

**ELIZABETH A. STARBUCK**  
Assistant Auditor/Controller-Recorder  
Assistant County Clerk

**MR. ROGER MIALOCQ**

Harvey M. Rose Accountancy Corporation  
1390 Market Street, Suite 1025  
San Francisco, CA 94102

## **RE: QUALITY CONTROL REVIEW OF THE FY 2000-01 SB 90 CLAIMS SUBMITTED BY THE COUNTY OF SAN BERNARDINO**

Dear Roger:

We received your revised report of the FY 2000-01 SB 90 Claims. We appreciate the opportunity to meet with you and also to respond to your findings and recommendations. There has been significant turnover of staffing in the past, which has contributed to the reported findings. However during the short time that the current management team has been put in place, they have made significant steps to improve the SB 90 processes or identified the areas in need of improvements. We do agree with some of your findings and recommendations but still have some issues with others. We have attached our specific comments to each of your findings and recommendations.

We would appreciate if our comments could be attached to your final report. Thank you for your consideration.

Sincerely:

A handwritten signature in black ink, appearing to read "Howard M. Ochi".

**HOWARD M. OCHI, CPA**  
CHIEF DEPUTY AUDITOR  
Office of the Auditor/Controller-Recorder  
County of San Bernardino

HO:spr

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**WILLIAM H. RANDOLPH**  
County Administrative Officer

**BILL POSTMUS**  
**JON D. MIKELS**

Board of Supervisors  
..... First District     **DENNIS HANSBERGER**  
.. Second District     **FRED AGUIAR** .....  
JERRY EAVES ..... Fifth District

. Third District  
Fourth District

## Summary of Recommendations

It is recommended that the Auditor-Controller:

- 1.1 Enhance and disseminate written procedures regarding the SB 90 claiming process for the Auditor-Controller's Office including claims tracking, completion of forms, and documentation requirements. This is particularly important because there has been a significant amount of turn over in the positions that handle SB 90 claiming. Comprehensive procedures would assist new staff without prior SB 90 claiming experience and would provide a more consistent approach to the claiming process.

### **Response:**

The Auditor/Controller-Recorder's Office (ACR) disagrees with this finding. The ACR has established, written procedures in place for all aspects of the SB90 claiming process. Our SB90 claiming procedures do include brief outlines but we also have detailed instructions by claim. Both are complemented by the related claiming instructions that detail the completion of forms and documentation requirements. The ACR's procedures are kept in a computer file accessible by all staff. Claims are tracked on a spreadsheet. The spreadsheet details the claim, department contact, date documentation is received, employee assigned to process the claim, date completed, and date submitted to the State for reimbursement.

- 1.2 Develop written SB 90 guidelines for County departments describing the SB 90 claiming process, specific departmental responsibilities, data collection and reporting requirements and procedures, documentation standards, and other pertinent requirements of the County's SB 90 claiming process.

### **Response:**

ACR agrees with this finding as our future plans for the SB90 process were addressed during the entrance conference. New management took over the Reimbursable Projects Section (RPS) in January 2002. In working with departments to process the SB90 Claims by the January 15 deadline, it became evident that past communication of SB 90 guidelines, responsibilities, and procedures was poor. Planning has begun to hold training in the fall of 2002 to go over the claiming process, and to conduct field audits to assist departments in tracking costs, data collection, timekeeping, etc. In addition, planning includes incorporating procedures to "physically" work with departments, not only after a test claim is approved, but prior to filing the initial test claim to determine where reimbursable costs are, provide information, and set up tracking systems. RPS has requested additional positions to handle the added responsibilities. An Accountant II position was placed in the budget for FY 2002/03.

- 1.3 Provide annual training for County departmental staff involved in SB 90 services, including data collection, reporting and reimbursement claiming and conduct field visits to departments to review departmental data collection systems and procedures and provide assistance as appropriate.

Assist departments in the design, development and implementation of data collection systems to support the SB 90 claiming process.

Distribute State instructions and program descriptions to appropriate departmental personnel to obtain departmental input. This process would improve the identification of all applicable County departments and related costs consistent with the claim instructions.

**Response:**

Again, ACR agrees with this finding as our future plans for the SB90 process were addressed during the entrance conference. Planning has begun to hold training in the fall of 2002 to go over the claiming process, and to conduct field audits to assist departments in tracking costs, data collection, timekeeping, etc. In addition, planning includes incorporating procedures to “physically” work with departments, not only after a test claim is approved, but prior to filing the initial test claim to determine where reimbursable costs are, provide information, and set up tracking systems. RPS also has plans to create a web site under the Auditor/Controller-Recorder’s Web Site in which to post an SB90 Activity Calendar, claim forms, claiming instructions, time sheets, parameters and guidelines, legislative updates, training sessions, etc., so that departments will have more information readily available.

Require all departments choosing not to submit a claim for reimbursement of program costs to provide a written explanation of why such costs were not incurred or should not be claimed.

**Response:**

The ACR agrees and has already incorporated this procedure to assist with tracking the SB90 Claims and for auditing purposes. Staff has been instructed that an explanation memo is required from any department refusing to file an SB 90 Claim. The memo is then placed in the claim file.

- 1.4 Revise the existing County-wide productive hours analysis by utilizing hours recorded by the County’s time capture segment of the payroll system. Pursuant to page six of the State Controller’s September 2001 SB 90 claiming instructions, the only exception is for vacation hours that should be on “earned” rather than

“used “ time. In addition, rest periods or break-time provided by union contract should be included in the analysis as illustrated on page six of the State SB 90 instructions. Administrative time included as non-productive hours is allowable to the extent that such time is documented and can be verified by independent audit of payroll or other records.

**Response:**

ACR agrees with capturing an employee’s accrued vacation to determine an individual’s productive hours. A work order has been initiated to capture accrued vacation time from the payroll system. The work is estimated for completion during the 2002/03 FY.

However, the ACR disagrees with reducing productive hours by an employee’s break times. Currently, the ACR is using the most cost effective method of producing productive hourly rates. It is believed that employing the auditor’s suggestion would net the same results that the ACR gets using the current method. In addition, it would be cumbersome and costly to estimate break times, from the County’s 19,614 employees and the various compressed work schedules in use, how many employees are subject to 15 or 20 minute breaks. Consideration would also need to be given to the possibility that breaks are not taken or an employee is out on leave. The ACR can find no authority to reduce productive time by break periods nor is it a customary practice.

- 1.5 Develop indirect cost rate proposals for all departments for which SB 90 claims are submitted and which currently do not have ICRPs if the cost of preparing the ICRP does not exceed the benefit.

Revise and update the existing departmental indirect cost rate proposals to ensure that staffing and services and supplies costs that are direct charged in claims and grants are not also included as indirect costs in departmental ICRP’s. Annually or bi-annually, require County departments to analyze and submit schedules distributing all departmental staff and services and supplies costs by program or function in accordance with Federal Office of Management and Budget (OMB) Circular A-87 guidelines.

**Response:**

The ACR is in concurrence with this finding to a point. A cost/benefit analysis will determine whether it is beneficial to prepare an ICRP. The type of claim and significance of the claim will be factors in the decision. For example, it may not be beneficial to prepare an ICRP for all departments submitting claims for the Open Meetings Act where 10 or 11 agenda items were prepared.

Again, training is planned for the fall of 2002. The ACR currently requires that departments analyze and submit schedules distributing all departmental staff and services and supplies costs in preparation of ICRPs, but we will begin to compare the information departments submit for ICRPs with the information submitted for SB90 Claims.

- 1.6 Limit hours claimed per individual to the total annual number of productive hours calculated for each fiscal year except for employees who receive cash overtime compensation. Limit the number of daily chargeable hours to 7.5 hours to account for the one-half hour of break-time included in the analysis of productive hours.

**Response:**

Again, the ACR disagrees. The ACR can find no authority to reduce productive time by break periods nor is it a customary practice.

- 1.7 Review and assess specific claims identified in this report and submit amended claims to obtain full reimbursement of previously unclaimed costs or to correct amounts over claimed in error. Amended claims for additional reimbursement should only be claimed in instances when the revised claim would result in a net reimbursement to the County sufficiently in excess of the original claim and the applicable late claim penalty.

**Response:**

ACR is in concurrence with this finding to a point. As discussed during the Exit Conference, there is a cost/benefit to amending all claims submitted in this report. There is also a risk that the auditor's estimated reimbursement will not reflect the actual reimbursement. One also has to consider the late penalty and the 20% reduction imposed by the State. However, we will review the claims and where it is cost effective submit amendments.

- 1.8 Develop an SB 90 processing calendar to ensure adequate time for the collecting and reporting of program data to the Auditor-Controller, the preparation of a draft claim, departmental review of draft claims, and the final submission of claims by the annual January 15 due date. Copies of all final claims should also be provided to the departments claiming reimbursement.

**Response:**

ACR agrees with the first part of this finding but notes that the second part is a longstanding practice of the ACR. We have always provided departments with a copy of the SB90 Claims filed. As previously mentioned, the ACR plans to conduct training sessions this fall so that departments will have a clear understanding of the documentation needed and the time frames required. RPS has plans to create a web site under the Auditor/Controller-Recorder's Web Site in which to post an SB90 Activity Calendar, claim forms, claiming instructions, time sheets, parameters and guidelines, legislative updates, training sessions, etc., so that departments will have more information readily available.

- 1.9 Use a uniform timesheet for recording Auditor-Controller SB 90 time that includes all program codes. This will improve the recording and tracking of time spent on all SB 90 related activities.

**Response:**

The ACR disagrees. All ACR staff use a uniform timesheet. However, to prevent the timesheet from becoming unwieldy, RPS staff includes only those activity codes applicable to their monthly job assignments.

It is recommended that the Auditor-Controller's Office and the Office of the County Counsel:

- 1.10 Review the current procedures under which County Counsel provides support of SB 90 claims and bills for such support in order to determine the most effective strategy to maximize the County's SB 90 revenues and include County Counsel-related costs in the SB 90 claim each year.

**Response:**

Again, ACR agrees with this finding as our future plans for the SB90 process were addressed during the entrance conference. Planning has begun to conduct field audits to assist departments in tracking costs, data collection, timekeeping, etc. RPS will work with County Counsel and County departments to coordinate accumulating cost data for claim processing.

It is recommended that all County departments that provide SB 90 reimbursable services:

- 1.11 Develop written procedures related to SB 90 data collection, reporting and documentation requirements to ensure that all reimbursable costs are fully and accurately identified, reported and claimed. Departments should also retain

complete work papers and supporting time records and other documentation for each claim submitted in the event of an audit or future reference needs.

**Response:**

Again, ACR agrees with this finding as our future plans for the SB90 process were addressed during the entrance conference. Planning has begun to conduct field audits to assist departments in tracking costs, data collection, timekeeping, record keeping etc. In addition, RPS will offer assistance for writing procedures.

### **Findings Pertaining to Specific FY 2000-01 SB 90 Claims**

The following findings relate to specific SB 90 claims. The original claim amount submitted by the department is presented and relevant issues discussed.

<b><u>Claim Title</u></b>	<b><u>Claiming Department</u></b>	<b><u>Original Claim</u></b>
<b>AIDS Testing</b>	<b>Public Health</b>	<b>\$7,816</b>

**Response:**

The Public Health department disagrees in part. The Public Health Department will look into determining the costs for medical staff to conduct testing in the jails. However, the cost for Public Health testing is based on an established State rate and any further time study or actual cost study would be counter productive. Overall, Aids Testing has declined in recent years. It is the Department's stance that costs are being met.

<b><u>Claim Title</u></b>	<b><u>Claiming Department</u></b>	<b><u>Original Claim</u></b>
<b>Allocation of Property Tax Revenue: Education Revenue Augmentation Fund</b>	<b>Auditor-Controller</b>	<b>\$16,131</b>

**Response:**

The ACR disagrees. The reported time spent on the Education Revenue Augmentation Fund claim is based upon interviews conducted by the Property Tax Manager



with staff in prior years. The Property Tax Manager then forwarded the various times spent to the Reimbursable Projects Section. These times were brought forward from year to year with minor adjustments made when related factors in these areas changed. Eventually, Property Tax Staff, at the direction of the Manager, began to provide times spent for the SB90 claims based upon trends that had formed. The times now reported for SB90 claims are a development of what has historically been required to perform related tasks.

The ACR ICRP is prepared in accordance with State guidelines and has been accepted by the State for many years.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Child Abduction Recovery	District Attorney	\$1,099,756

**Response:**

The District Attorney's Office disagrees. To date, no attorney has had to relieve the assigned attorney during vacation, sickness, etc. If one should have to fill-in for the assigned attorney, the appropriate time sheets will be kept.

There are 4 investigators assigned to this unit. If one or more is out, the others handle the work. There have been occasions when an Investigator, not assigned to the program, has performed these activities and they have prepared time sheets to account for hours spent performing reimbursable activities.

The supervisor maintains time sheets to track time spent on this program. The time spent keeping time studies for the various programs supervised is not likely to be worth the minimal cost captured. Administrative time is currently captured, however, for attorneys and investigators and reported to the ACR every year by this department. The estimate made by the auditor that the supervisor spends 1/13 of his time on Child Abduction does not take into account that fact that he maintains his own criminal caseload that takes a significant portion of his total time. The auditors' estimate is therefore, **inflated**.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Developmentally Disabled: Attorney Services	Public Defender	\$33,614

**Response:**

The Public Defender disagrees. It is accurate that Developmentally Disabled Attorney Services are compiled based on a formula that attributes 1 hour of attorney time and ½ hour of clerical time for appearances on a petition, and 2 hours of attorney time and ½ hour of clerical time for commitment hearings. Said formula was not devised based upon a formal time study. Relative to 24 cases upon which hours were claimed last fiscal year, approximately 200 Attorney hours and 140 clerical hours were claimed [approx. \$20,000], and \$13,500 in expert costs, for a grand total of \$33,614. The size of the claim would not seem to warrant a more specific system of tracking actual time. Indeed, the computed 201 attorney hours were mistakenly transposed to read 210 on the summary claim, and \$1400 claimed as direct costs for expert fees were cut from the Public Defender's Claim Form by the Auditor's Office; while said expert fees were accrued in the prior fiscal year, they were not paid until the beginning of the last fiscal year, and were therefore claimed for the last fiscal year. Attorney services outside of court appearances include review of State reports, review of defense reports and reconciliation of differences. An attorney whose primary responsibilities are unrelated to this SB 90 caseload and for which documentation of time is not a regular activity handles these cases.

<b><u>Claim Title</u></b>	<b><u>Claiming Department</u></b>	<b><u>Original Claim</u></b>
<b>Investment Reports</b>	<b>Treasurer-Tax Collector</b>	<b>\$21,945</b>

**Response:**

The Treasurer is in agreement that our department should not double bill investment costs. We will research this matter and if necessary, we will revise the SB 90 claimed costs from the calculation of the administration fee.

<b><u>Claim Title</u></b>	<b><u>Claiming Department</u></b>	<b><u>Original Claim</u></b>
<b>Mandate Reimbursement Process</b>	<b>Auditor-Controller</b>	<b>\$216,470</b>

**Response:**

The ACR disagrees with the point that there are no uniform timesheets in use. All ACR staff use uniform timesheets.

The ACR disagrees in part with the timing of SB90 data collection. Currently, the ACR starts collecting department data in early November, not January. In October of 2001, all SB90 lead personnel had left to pursue other job opportunities. There were no staff members available to follow up with departments on the data submitted or to file the claims due in November. The claims mentioned were filed or are presently being processed.

The ACR disagrees that Public Health is not adequately capturing their costs. Public Health files 3 straightforward SB90 Claims: SIDS, Perinatal Services, and HIV Testing. Public Health's Mandate Reimbursement Process Claim is substantially lower because they collect data efficiently. Data is captured with their existing computer system for other reporting purposes. So, extracting data for SB90 purposes is timely and simple.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Mentally Disordered Sexual Offenders</b>	<b>Public Defender</b>	<b>\$17,698</b>

**Response:**

The Public Defender's Office agrees in part. While it is accurate that the MDSO claim failed to include 42 hours of attorney time attributable to travel, **it is not accurate that mileage that should have been included in the claim was missed.** Mileage accrued during the end of the last fiscal year, which was not reimbursed to the employee until this fiscal year, will be reflected on next year's claim. Our office claims reimbursement based on the fiscal year during which costs are paid, as opposed to the fiscal year during which expenses are accrued.

The ACR received the MDO claim on 6/3/02. The error was corrected. Also, transportation costs are included in the Sheriff's and the Public Defender's claim.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Not Guilty by Reason Of Insanity</b>	<b>Public Defender</b>	<b>\$45,526</b>

**Response:**

The department agrees in part. The Public Defender has established "Billing Guidelines for SB 90 Reimbursement" cases as well as an SB 90 Time Sheet. Unlike the DA's Office, the Public Defender civil commitment staff does not handle NGI extension cases, with few exceptions. Attorneys whose primary responsibilities are unrelated to this SB 90 caseload and for whom documentation of time is not a regular activity, handle NGI extension cases. Said billing forms were not in fact used for purposes of documenting hours on NGI cases other than for cases that actually went to trial. Indeed, only the cases that went to trial included hours categorized as "trial preparation," which is consistent with accurate characterization of hours. Hours relative to cases that did not go to trial were computed based on FACTS documentation of appearances. It is in fact the case that four NGI extension cases upon which appearances were made during the fiscal year, were not picked up by the computer assisted means used to identify NGI cases. Next year our staff will compare case listings with the DA's Office before submitting claims, so as to insure recovery of hours expended on all NGI cases.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Open Meetings Act	Various	\$71,744

**Response:**

The ACR disagrees in part. It has been a past and current practice that the ACR tally the Board agenda items year round. However, last year was an exception due to the lack of management and staff turnover. There was no SB90 lead staff to follow-up with those departments not submitting data for the claim and a tally had not been completed for the fiscal year. New management started January 7, 2002 and had 7 days to compile the department's data and submit the claim. Due to time constraints, and the capability to later amend the claim, a tally was performed for only those departments submitting data. However, a post survey revealed that the departments with the most significant agenda items were filed. We had one department that submitted a memo explaining that it was not cost beneficial to submit data for a claim. The auditors suggested an unconventional method for filing a claim on the remaining agenda items. The ACR cannot find any authority to file accordingly.

An amended claim was filed June 4, 2002 in the amount of \$81,379 for a total of 1,887 agenda items.

While preparing the FY 2000/01 Open Meetings Act Claim, the “across the board” 10% indirect cost rate was noted for determining the Blended Hourly Rate. There will be an ICRP prepared for each department submitting significant agenda items for next year’s claim.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Perinatal Services	PH/ARMC	\$280,114

**Response:**

The ACR agrees with this finding in part. The wrong ICRP rate was used for calculating the Medical Center’s salary costs. However, Public Health does not receive Medi-Cal reimbursement for toxicology screens. Also, it is “policy” to send copies of filed SB90 claims to the department who submitted the claim. If the department had notified the ACR, an additional copy would have been sent.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Search Warrant AIDS	District Attorney	\$81,584

**Response:**

The District Attorney’s Office was not able to verify that attorneys do look for these cases.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Services to Handicapped Students	Behavioral Health	\$877,779

**Response:**

Behavioral Health agrees in part. We will assess the possibility of producing an “Ad Hoc Report” to verify payor classifications. However, this periodic verification may or

may not result in more services claimed for SB90. We will work to set up a separate tracking system for assessment services in our Management Information System. However, for FY 01/02, we will ensure that these services are captured and accurately claimed.

We have used the Cost Report Method for a number of years (probably about 12) because as a "County Behavioral Health Agency", we are accountable to the State Department of Mental Health each year to submit an annual cost report. In this cost report, our total administrative costs are separately reported. Since the cost report was inherent in our process, we use this method; it would take precedence over the ICRP. However, a comparative analysis of the two methods will be prepared.

We agree. We will determine the SB90 contact at County Counsel's Office and coordinate future efforts to set up a reporting system with staff at the County Counsel.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Sexually Violent Predators</b>	<b>District Attorney</b>	<b>\$988,821</b>

**Response:**

The District Attorney agrees in part. The department supports the use of an automated verification process to track SB 90 costs within the department and countywide. The department has had several meetings with Information Services staff regarding improving our ability to capture and track these cases. However, the administrative costs are so minimal the cost to track them out weights the reimbursement.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>SIDS: Autopsy Protocol</b>	<b>Coroner</b>	<b>\$74,353</b>

**Response:**

The Coroner's Office disagrees. The ICRP was prepared according to OMB Circular A-87 guidelines. Individuals that spend only a portion of their time in an administrative role can include only that portion of their salary as an indirect cost. The rest are billed as direct costs. A time study was performed and it was determined that our current estimates are the best conservative estimates.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Unitary County-wide Tax Rate	Auditor-Controller	\$17,058

**Response:**

The ACR disagrees. The reported time spent on the Unitary Countywide Tax Rate claim is based upon interviews conducted by the Property Tax Manager with staff in prior years. The Property Tax Manager then forwarded the various times spent to Reimbursable Projects Section. These times were brought forward from year to year with minor adjustments made when related factors in these areas changed. Eventually, Property Tax Staff, at the direction of the Manager, began to provide times spent for the SB90 claims based upon trends that had formed. The times now reported for SB90 claims are a development of what has historically been required to perform related tasks.

The ACR ICRP is prepared in accordance with State guidelines and has been accepted by the State for many years.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
Voter Registration	Registrar of Voters	\$38,784

This claim reimburses the County for costs incurred in complying with voter registration provisions, including the provisions authorizing voter registration by mail and voter outreach programs. The reimbursement rate is the fiscal year 1992-93 per affidavit cost adjusted for annual changes in the Consumer Price Index (CPI). The amount fixed by the State per affidavit for fiscal year 2000-01 is \$0.405. During the fiscal year 2000-01, the Registrar of Voters processed 95,762 affidavits. (95,762 x \$0.405 = \$38,784).

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
SED Pupils: Out of State	DBH	\$227,081

**Response:**

The Department of Behavioral Health (DBH) agrees. DBH and Social Services will meet to ensure that costs for room and board for client placements are included in future claims. An amended claim can also be filed. We are determining whether the Out of State Placements were exceptions to the brief placement agreements and

whether additional one time costs for new vendors were included in our claim. Also, we will contact County Counsel to make sure their costs are included in our future claims.

<u>Claim Title</u>	<u>Departments</u>	<u>Original Claim</u>
Peace Officer Bill Of Rights (POBAR)	Sheriff County Counsel	\$247,650

This mandate includes reimbursement for administrative activities, appeals, interrogations and other costs incurred by the County to respond to adverse comments concerning the employment of specified peace officers. During the course of our review, we determined, after discussion with Sheriff staff that there may be some additional unclaimed County costs incurred by the County Counsel in connection with POBAR cases. Details of such costs have been requested from fiscal personnel in the Office of County Counsel, however they have not been received to date. These costs are not believed to be material, however, all costs incurred to comply with State mandates should be documented and claimed in order to fully reimburse the County for expenses incurred by it complying with State Law.

<u>Claim Title</u>	<u>Original Departments</u>	<u>Claim</u>
Cancer Presumption Peace Officers	CAO Risk Management	Not Determined

**Response:**

The ACR never received the claim documentation. RPS staff made several inquiries before the January 15<sup>th</sup> deadline and was informed that there were no reimbursable costs for FY 2000/01. Risk Management will forward documentation so that a claim can be filed.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
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**Domestic Violence Treatment Probation  
Services: Authorization &  
Case Management**

**Not Determined**

This domestic violence claim reimburses counties for specified costs associated with the administration and regulation of batterers' treatment programs, notification of victims, and assessment of the future probability of homicide. According to the Probation Department, a claim was not filed for fiscal year 2000-01 due to chronic understaffing. In the fall of 2001, a dedicated position was created in the Probation Department for SB 90 programs. This position has focused on filing the Police Officers Bill of Rights claim due to the large amount of reimbursable costs. Currently, the Department is researching the Domestic Violence Treatment Services mandate and anticipates filing a late claim for fiscal year 2000-01.

**Sheriff Department Claims Not Filed**

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Sexually Violent Predators</b>	<b>Sheriff</b>	<b>Not filed</b>

**Response:**

The department agrees that this claim had not been filed at the time of fieldwork. Work was underway prior to the audit and research has been completed. The claim will be submitted to ACR by June 30, 2002.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
<b>Rape Victim Counseling Center Notices</b>	<b>Sheriff</b>	<b>Not originally filed</b>

**Response:**

The department agrees that this claim had not been filed at the time of fieldwork. Work was underway prior to the audit and research has been completed. The claim was submitted to ACR on June 4, 2002.

<u>Claim Title</u>	<u>Claiming Department</u>	<u>Original Claim</u>
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**Prisoner Parental  
Rights**

**Sheriff, Courts,  
District Attorney**

**Not originally filed**

**Response:**

The department agrees that this claim had not been filed at the time of fieldwork. The Sheriff's Department will coordinate with other County agencies to obtain sufficient data to process this claim.

**Claim Title**

**Claiming  
Department**

**Original  
Claim**

**Misdemeanors  
Booking & Fingerprinting**

**Sheriff**

**Not originally filed**

**Response:**

The department agrees that this claim had not been filed at the time of fieldwork. Work was underway prior to the audit and research has been completed. The claim was submitted to the ACR on April 18, 2002.

**Claim Title**

**Claiming  
Department**

**Original  
Claim**

**Stolen Vehicle  
Notification**

**Sheriff**

**Not originally filed**

**Response:**

The department agrees that this claim had not been filed at the time of fieldwork. Work was underway prior to the audit and research has been completed. The claim was submitted to the ACR on June 4, 2002.

**Claim Title**

**Claiming  
Department**

**Original  
Claim**

**Domestic Violence  
Arrest Policies**

**Sheriff**

**Not originally filed**

**Response:**

The department agrees that this claim had not been filed at the time of fieldwork. Work was underway prior to the audit and research has been completed. The claim was submitted to the ACR on June 4, 2002.